

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 TRSE-00 ABF-01 OMB-01 XMB-04

FRB-01 CIAE-00 INR-07 NSAE-00 SS-15 COME-00 AID-05

FSE-00 /052 W

-----050145Z 127798 /66

R 041200Z MAY 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 1417

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 3529

E.O. 11652: N/A

TAGS: EFIN, BR

SUBJECT: CRUZEIRO DEVALUATION

1. EFFECTIVE MAY 3, THE CRUZEIRO WAS DEVALUED BY 2.52 PERCENT, THE FIFTH CHANGE OF THE YEAR. THE CUMULATIVE DEVALUATION OF THE CRUZEIRO FOR 1977 WAS THUS INCREASED TO 11.039 PERCENT, WHILE THE DEPRECIATION FOR THE LAST TWELVE MONTHS AMOUNTED TO 32.14 PERCENT. THE LAST CRUZEIRO DEVALUATION WAS MADE 29 DAYS AGO. THE NEW RATES ARE 13.63 CRUZEIROS TO THE DOLLAR FOR BUY AND 13.70 FOR SELL.

2. COMMENT: THE CUMULATIVE DEVALUATION OF THE CRUZEIRO THROUGH EARLY MAY LAGGED INTERNAL INFLATION BY 4 TO 5 PERCENTAGE POINTS. INFLATION DURING THE FIRST QUARTER (AS MEASURED BY THE GENERAL PRICE INDEX) CAME TO 11.5 PERCENT AND IS EXPECTED TO EXCEED 15.0 PERCENT WHEN THE APRIL FIGURES ARE PUBLISHED. SHOULD THIS TREND IN THE GAP BETWEEN THE DEVALUATION OF THE CRUZEIRO AND INTERNAL INFLATION CONTINUE FOR THE REST OF

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THE YEAR, THE COMPETITIVENESS OF THE BRAZILIAN CURRENCY WOULD BE FURTHER ERODED DURING 1977. IT IS GENERALLY EXPECTED, HOWEVER, THAT THE RATE OF INFLATION WILL SLOW DOWN A BIT IN THE SECOND HALF OF THE YEAR AND THIS SHOULD PERMIT THE EXCHANGE AUTHORITIES TO GAIN GROUND FOR THE CRUZEIRO BY MAINTAINING THE RATE OF

DEVALUATION RELATIVELY UNCHANGED AS INTERNAL
INFLATION COMES DOWN.
CRIMMINS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INFLATION, DEVALUATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BRASIL03529
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770157-0274
Format: TEL
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770597/aaaadfsa.tel
Line Count: 65
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Litigation Codes:
Litigation History:
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Office: ACTION ARA
Original Classification: UNCLASSIFIED
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Original Previous Classification: n/a
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
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Review Withdrawn Fields: n/a
SAS ID: 2649308
Secure: OPEN
Status: NATIVE
Subject: CRUZEIRO DEVALUATION
TAGS: EFIN, BR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/48bc309b-c288-dd11-92da-001cc4696bcc
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